

**CITY COURT OF LAFAYETTE, LOUISIANA  
FINANCIAL REPORT  
OCTOBER 31, 2011**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate at the office of the parish clerk of court.

Release Date **MAY 02 2012**

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**INDEPENDENT AUDITORS' REPORT**

To The Honorable Frances Bouillion and  
The Honorable Doug Saloom  
City Judges  
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City Court of Lafayette, Louisiana, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2011, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of City Court of Lafayette, Louisiana as of October 31, 2011, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2012, on our consideration of City Court of Lafayette, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 7 and pages 30 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Lafayette, Louisiana's financial statements as a whole. The combining nonmajor governmental funds financial statements on pages 38 and 39 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor governmental funds financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining nonmajor governmental funds financial statements and the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental funds financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole.

*Broussard, Poché, Lewis & Breau LLP.*

Lafayette, Louisiana  
March 23, 2012

CITY COURT OF LAFAYETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City Court of Lafayette, Louisiana's (the "Court") financial performance provides an overview of the Court's financial activities for the year ended October 31, 2011. Please read it in conjunction with the Court's financial statements that follow

I. FINANCIAL HIGHLIGHTS

The Court's net assets increased by \$339,650 or 6.5% as a result of this year's operations.

The Court's total program revenues were \$2,659,816 compared to \$2,434,976 last year, an increase of \$224,840 or 9.2%.

Total expenses for the Court during the year ending October 31, 2011 were \$2,325,743, compared to \$2,165,817 during the year ending October 31, 2010, an increase of \$159,926 or 7.4%.

II. USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The statement of net assets and the statement of activities (pages 10 and 11) provide information about the Court's activities as a whole and present a longer-term view of the Court's finances. Fund financial statements start on page 14. These statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Court's operations in more detail than the government-wide statements by providing information about the Court's most significant funds. The remaining statements provide financial information about activities for which the Court acts solely as a trustee or agent for the benefit of those outside of the government

A. REPORTING THE COURT AS A WHOLE

1. THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the Court as a whole begins on page 5. One of the most important questions asked about the Court's finances is, "Is the Court, as a whole, better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the Court as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most commercial enterprises. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Court's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure the Court's financial position or financial health. Over time, increases or decreases in the Court's net assets are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the Court as governmental activities in the statement of net assets and the statement of activities.

## B. REPORTING THE COURT'S MOST SIGNIFICANT FUNDS

### 1. FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 14 and provide detailed information about the most significant funds, not the Court as a whole. The Court has also established other funds, which are for proceeds legally restricted to expenditures for special purposes.

All of the Court's expenditures are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Court's general operations and the expenditures paid from these funds. The information in the governmental funds helps determine if there are more or less financial resources to finance future Court expenditures. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in reconciliations that follow the fund financial statements.

## C. THE COURT AS A TRUSTEE

The Court is a trustee for agency funds for its civil and criminal divisions. All of the Court's fiduciary funds are reported in the statement of fiduciary assets and liabilities on page 18. We exclude these activities from the Court's other financial statements because the Court cannot use these assets to finance its operations. The Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### III. REPORTING THE COURT AS A WHOLE

The following table reflects the condensed statement of net assets for 2011, with comparative figures from 2010.

TABLE I  
CITY COURT OF LAFAYETTE, LOUISIANA  
CONDENSED STATEMENT OF NET ASSETS  
October 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets.		
Current assets	\$4,915,454	\$4,580,736
Capital assets	<u>647,511</u>	<u>636,914</u>
Total assets	<u>\$5,562,965</u>	<u>\$5,217,650</u>
Liabilities:		
Current liabilities	<u>\$ 5,665</u>	<u>\$ -0-</u>
Net assets.		
Invested in capital assets	\$ 647,511	\$ 636,914
Restricted	543,170	520,534
Unrestricted	<u>4,366,619</u>	<u>4,060,202</u>
Total net assets	<u>\$5,557,300</u>	<u>\$5,217,650</u>
Total liabilities and net assets	<u>\$5,562,965</u>	<u>\$5,217,650</u>

Net assets of the Court's governmental activities increased by \$339,650 or 6.5% over the prior year. Unrestricted net assets, the part of net assets that can be used to finance the Court's expenses without constraints or other legal requirements, increased from \$4,060,202 at October 31, 2010 to \$4,366,619 at October 31, 2011.

The following table provides a summary of the change in net assets for the year ended October 31, 2011, with comparative figures from 2010.

**TABLE II**  
**CITY COURT OF LAFAYETTE, LOUISIANA**  
**CHANGE IN NET ASSETS**  
**For the Years Ended October 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues -		
Fees, fines, and charges for		
services and operating contributions	\$2,659,816	\$2,434,976
General revenues -		
Investment income	<u>5,577</u>	<u>7,558</u>
Total revenues	\$2,665,393	\$2,442,534
Expenses:		
General government	<u>2,325,743</u>	<u>2,165,817</u>
Change in net assets	\$ 339,650	\$ 276,717
Net assets, beginning	<u>5,217,650</u>	<u>4,940,933</u>
Net assets, ending	<u>\$5,557,300</u>	<u>\$5,217,650</u>

During the fiscal year ended October 31, 2011, program revenues increased by \$224,840 or approximately 9.2%.

Expenses, excluding depreciation expense of \$78,842 and \$75,791 at October 31, 2011 and 2010, respectively, increased by \$156,875 or approximately 7.5%.

#### IV. GENERAL FUND BUDGETARY HIGHLIGHTS

The budget for the General Fund operations is adopted by the Lafayette City-Parish Consolidated Government for its appropriations in accordance with its budgetary regulations and on a basis consistent with generally accepted accounting principles. Any comments regarding budget variances are included in the Lafayette City-Parish Consolidated Government Management's Discussion and Analysis.

#### V. CAPITAL ASSETS

At October 31, 2011, the Court had \$647,511 invested in capital assets. This amount represents a net increase of \$10,597 or 1.7% from last year.



VI. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

As explained in Section IV, the General Fund budget is adopted by the Lafayette City-Parish Consolidated Government. For the other funds, the Court's management considered many factors when setting the operating budget for the fiscal year ending October 31, 2012. Management expects revenues to increase slightly and expenditures to continue increasing in 2012.

VII. CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the funds maintained by the Court and to show the Court's accountability for the money it receives. If you have any questions or need additional financial information, contact City Court of Lafayette, Louisiana, Clerk/Court Administrator at Post Office Box 3344, Lafayette, Louisiana 70502.

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

## CITY COURT OF LAFAYETTE, LOUISIANA

## STATEMENT OF NET ASSETS

October 31, 2011

ASSETS	<u>Governmental Activities</u>
CURRENT ASSET	
Cash	\$ 4,560,985
Certificate of deposit	282,132
Due from external parties	<u>72,337</u>
Total current assets	\$ <u>4,915,454</u>
CAPITAL ASSETS	
Non-depreciable	\$ 5,664
Depreciable, net	<u>641,847</u>
Total capital assets	\$ <u>647,511</u>
Total assets	\$ <u>5,562,965</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ <u>5,665</u>
NET ASSETS	
Invested in capital assets	\$ 647,511
Restricted	543,170
Unrestricted	<u>4,366,619</u>
Total net assets	\$ <u>5,557,300</u>
Total liabilities and net assets	\$ <u>5,562,965</u>

See Notes to Financial Statements.

## CITY COURT OF LAFAYETTE, LOUISIANA

STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2011

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Change in Net Assets</u>
Governmental activities:				Governmental
General government	<u>\$2,325,743</u>	<u>\$ 699,400</u>	<u>\$ 1,960,416</u>	<u>Activities</u>
	General revenues:			
	Investment earnings			<u>\$ 5,577</u>
	Change in net assets			<u>\$ 339,650</u>
	Net assets, beginning			<u>5,217,650</u>
	Net assets, ending			<u>\$ 5,557,300</u>

See Notes to Financial Statements.

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**FUND FINANCIAL STATEMENTS**

## CITY COURT OF LAFAYETTE, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
October 31, 2011

ASSETS	General Fund (Note 1)	Criminal Court Operating Fund	OWI Assessment Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ -	\$3,570,980	\$ 540,670	\$ 449,335	\$ 4,560,985
Certificate of deposit	-	-	-	282,132	282,132
Due from other funds	-	63,593	2,500	6,244	72,337
Total assets	<u>\$ -0-</u>	<u>\$3,634,573</u>	<u>\$ 543,170</u>	<u>\$ 737,711</u>	<u>\$ 4,915,454</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	<u>\$ -0-</u>	<u>\$ 5,665</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,665</u>
FUND BALANCES					
Assigned to -					
Incomplete contract	\$ -	\$ 74,180	\$ -	\$ -	\$ 74,180
Sobriety program	-	-	543,170	-	543,170
Judges' expenditures	-	-	-	737,711	737,711
Unassigned	-	3,554,728	-	-	3,554,728
Total fund balances	<u>\$ -0-</u>	<u>\$3,628,908</u>	<u>\$ 543,170</u>	<u>\$ 737,711</u>	<u>\$ 4,909,789</u>
Total liabilities and fund balances	<u>\$ -0-</u>	<u>\$3,634,573</u>	<u>\$ 543,170</u>	<u>\$ 737,711</u>	<u>\$ 4,915,454</u>

See Notes to Financial Statements.



CITY COURT OF LAFAYETTE, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
October 31, 2011

Total fund balances for governmental funds	\$4,909,789
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Capital assets, net	<u>647,511</u>
Net assets of governmental activities	<u>\$5,557,300</u>

See Notes to Financial Statements.

CITY COURT OF LAFAYETTE, LOUISIANA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 For the Year Ended October 31, 2011

	General Fund (Note 1)	Criminal Court Operating Fund	OWI Assessment Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental	\$1,960,416	\$ -	\$ -	\$ -	\$ 1,960,416
Charges for services	-	602,627	22,401	74,372	699,400
Investment earnings	-	4,429	266	882	5,577
Total revenues	<u>\$1,960,416</u>	<u>\$ 607,056</u>	<u>\$ 22,667</u>	<u>\$ 75,254</u>	<u>\$ 2,665,393</u>
<b>Expenditures:</b>					
Current -					
General					
government	\$1,960,416	\$ 248,796	\$ 31	\$ 37,063	\$ 2,246,306
Capital outlay	-	89,439	-	-	89,439
Total expen- ditures	<u>\$1,960,416</u>	<u>\$ 338,235</u>	<u>\$ 31</u>	<u>\$ 37,063</u>	<u>\$ 2,335,745</u>
Excess of revenues over expenditures	\$ -0-	\$ 268,821	\$ 22,636	\$ 38,191	\$ 329,648
<b>Other financing uses:</b>					
External appropriations	-	(595)	-	-	(595)
Net change in fund balances	\$ -0-	\$ 268,226	\$ 22,636	\$ 38,191	\$ 329,053
Fund balances, beginning	-	3,360,682	520,534	699,520	4,580,736
Fund balances, ending	<u>\$ -0-</u>	<u>\$3,628,908</u>	<u>\$ 543,170</u>	<u>\$ 737,711</u>	<u>\$ 4,909,789</u>

See Notes to Financial Statements.

## CITY COURT OF LAFAYETTE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2011

Net change in fund balances - total governmental funds	\$ 329,053
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Capital outlay	\$ 89,439	
Depreciation expense	<u>(78,842)</u>	<u>10,597</u>

Change in net assets of governmental activities	<u>\$ 339,650</u>
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See Notes to Financial Statements.

CITY COURT OF LAFAYETTE, LOUISIANA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
October 31, 2011

ASSETS	<u>Agency Funds</u>
Cash held in trust	<u>\$1,800,120</u>
LIABILITIES	
Accounts payable	\$ 4,499
Attorneys' deposits	1,083,188
Bonds posted	331,024
Due to other funds	72,337
Due to other governmental agencies	<u>309,072</u>
Total liabilities	<u>\$1,800,120</u>

See Notes to Financial Statements.

CITY COURT OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of City Court of Lafayette, Louisiana (the "Court"), are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Court's accounting policies are described below.

Reporting entity:

Included in the financial statements are all funding activities of the City Court of Lafayette, a component unit of Lafayette City-Parish Consolidated Government, including funding provided by the Lafayette City-Parish Consolidated Government which is also reported as departmental expenditures in the financial statements of that entity.

The City Marshal's office is administered by a separately elected City Marshal. These financial statements do not include separate funds received and administered directly by the City Marshal or by the Lafayette City-Parish Consolidated Government on behalf of the City Marshal's office.

Basis of Presentation:

*Government-wide Statements.* The statement of net assets and the statement of activities display information about the Court as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities are generally financed through intergovernmental revenues and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and fines paid by the recipients of goods or services offered by the programs, and (b) contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Court's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

## NOTES TO FINANCIAL STATEMENTS

The Court reports the following major governmental funds:

*General Fund:* The normal operating expenditures of the Court are the responsibility of the Lafayette City-Parish Consolidated Government and are included in the General Fund of that entity. The applicable portion of the financial report of that entity is reproduced for this report with offsetting appropriations shown as intergovernmental revenues. In addition, on-behalf payments made by the State for the Judges' salaries are reported in this fund.

*Criminal Court Operating Fund:* This fund is used to account for various costs associated with the operation of the Court. Revenues consist of court costs levied in connection with non-civil cases.

*OWI Assessment Fund:* Revenues of this fund are derived from assessments levied in court cases to support the sobriety program and are transferred to that program as needed.

Additionally, the Court reports the following fund type:

*Agency Funds:* These funds account for monies held (bonds posted) by plaintiffs to cover estimated court costs in connection with criminal and civil suits. Any monies remaining after settlement of the suits are refunded to the plaintiffs.

Basis of accounting:

*Government-wide and Fiduciary Fund Financial Statements:* The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. All other receivables collected within 60 days after year-end are considered available and recognized as revenue of the current year. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Interest revenue is susceptible to accrual. Court costs are not susceptible to accrual because generally they are not measurable until received in cash.

## NOTES TO FINANCIAL STATEMENTS

### Capital assets:

The majority of the fixed assets of the Court are purchased by the Lafayette City-Parish Consolidated Government and are accounted for in the government-wide financial statements of that entity.

The Court's purchases of capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives by type of asset is as follows:

Building improvements	10 - 15 Years
Equipment	5 - 15 Years
Land improvements	25 Years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

### Equity classifications:

#### Government-wide statements -

Net assets represent the difference between assets and liabilities. Net assets invested in capital, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulation of other governments. The Court first utilizes restricted resources to finance qualifying activities.

The government-wide statement of net assets reports \$543,170 of restricted net assets all of which is restricted by enabling legislation.

#### Fund financial statements -

Beginning with fiscal year 2011, the Court implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

## NOTES TO FINANCIAL STATEMENTS

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Court establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Court through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

### Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Custodial credit risk:

#### Deposits -

The Court is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Court's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Court's name. Accordingly, the Court had no custodial credit risk related to its deposits at October 31, 2011.



## NOTES TO FINANCIAL STATEMENTS

Interfund receivables and payables.

Short-term cash borrowings between funds are considered temporary in nature. These are reported as "due to/from other funds."

### Note 2. Interfund Balances

Interfund balances at October 31, 2011 consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Major Governmental Funds:		
Criminal Court Operating Fund	\$ 63,593	\$ -
OWI Assessment Fund	2,500	-
Other Governmental Funds	6,244	-
Agency Funds	<u>-</u>	<u>72,337</u>
Total interfund balances	<u>\$ 72,337</u>	<u>\$72,337</u>

These balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

### Note 3. Employee Retirement Systems

Substantially all Court employees participate in one of the following retirement systems:

#### Municipal Employees' Retirement Systems (MERS)

##### Plan description:

Some of the Court's employees participate in the MERS, a multiple-employer, cost-sharing pension plan established by the Louisiana Legislature. Employees are eligible to retire under Plan A of the System at age 60 with 10 years of creditable service, or at any age with 25 years of creditable service. Monthly benefits consist of 3% of a member's final compensation, multiplied by years of service with certain limitations. The System also provides disability and survivor benefits. All benefits are established by State statute. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

## NOTES TO FINANCIAL STATEMENTS

### Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the Court is required to contribute at an actuarially determined rate. The rate was 14.25% until July 1, 2011, at which time it increased to 16.75%. The contribution requirements of plan members and the Court are established by statute. The Court's contributions to MERS for the years ended October 31, 2011, 2010 and 2009 were \$55,834, \$38,718 and \$44,309, respectively, equal to the required contribution each year.

### Parochial Employees' Retirement System (PERS)

#### Plan description:

The majority of employees of the Court participate in the PERS of Louisiana, a multiple-employer, cost-sharing pension plan. Members of the plan hired prior to January 1, 2007 may retire with 30 years of creditable service regardless of age, with 25 years of service at age 55, with 10 years of service at age 60, and with seven years of service at age 65. Members of the plan hired January 1, 2007 and later may retire with 30 years of creditable service at age 55, 10 years of service at age 62, and with seven years of service at age 67. The retirement allowance is equal to 3% of the member's final average compensation multiplied by his years of creditable service. Final average compensation shall be defined as the average of the highest consecutive 36 months salary for members hired prior to January 1, 2007. For members hired January 1, 2007 and later, final average compensation shall be defined as the average of the highest consecutive 60 months salary. The System also provides disability and survivor benefits. Benefits are established by State statute. PERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898.

#### Funding policy:

Plan members are required to contribute 9.50% of their annual covered salary to the plan and the Court is required to contribute at an actuarially determined rate. The rate was 15.75% during the fiscal year ended October 31, 2011. The contribution requirements of plan members and the Court are established by statute. The Court's contribution to PERS for the years ended October 31, 2011, 2010 and 2009 were \$91,870, \$95,882 and \$71,505, respectively, equal to the required contribution each year.

## NOTES TO FINANCIAL STATEMENTS

### Louisiana State Employees' Retirement System (LASERS)

#### Plan description:

Two City Court judges participate in the Louisiana State Employees' Retirement System, a multiple-employer, cost-sharing pension plan established by the Louisiana Legislature. Members of the System may retire at age 70 without regard to the number of years of creditable service as a judge, at age 55 with 12 years of creditable service as a judge, at age 50 with 20 years of creditable service (at least 12 years of which were as a judge), and at age 65 with 10 years of creditable service as a judge. In addition, any person who has accumulated a total of 18 years of creditable service as a judge can retire without regard to age. When a member has earned benefits equal to one hundred percent of his average compensation, no further contribution is required by the member. The Court, however, must continue to pay to the System the employer's contribution. The System also provides disability and survivor benefits. Benefits are established by State statute. LASERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804.

#### Funding policy:

Plan members are required to contribute 11.50% of their annual covered salary to the plan and the Court is required to contribute at an actuarially determined rate. The Court contributed 22.00% through June 30, 2011. Beginning July 1, 2011, the contribution rate increased to 31.80%. The contribution requirements of plan members and the Court are established by statute. The Court's contribution to LASERS for the years ended October 31, 2011, 2010 and 2009 were \$47,283, \$35,022 and \$24,802, respectively, equal to the required contribution each year.

#### Note 4. Capital Assets

The amount of capital assets reported in the Lafayette City-Parish Consolidated Government's October 31, 2011 audit report for the Court are as follows:

Land	\$ 396,768
Buildings	3,438,675
Equipment	<u>60,542</u>
	<u>\$3,895,985</u>

In addition, the Court purchases some of its own capital assets with Court funds. These assets are not included in the Lafayette City-Parish Consolidated Government's report. The Court accounts for these in its basic financial statements.

# NOTES TO FINANCIAL STATEMENTS

Capital asset activity for the year ended October 31, 2011 was as follows.

	<u>Balance, 10/31/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, 10/31/11</u>
Governmental activities:				
Capital assets not being depreciated -				
Work in progress	\$ 62,500	\$ 68,164	\$ (125,000)	\$ 5,664
Capital assets being depreciated -				
Building				
improvements	\$ 457,020	\$ 2,459	\$ -	\$ 459,479
Equipment	600,758	143,816	(1,785)	742,789
Land improvements	17,759	-	-	17,759
Total capital assets being depreciated	<u>\$1,075,537</u>	<u>\$ 146,275</u>	<u>\$ (1,785)</u>	<u>\$1,220,027</u>
Less accumulated depreciation for -				
Building				
improvements	\$ (39,134)	\$ (32,693)	\$ -	\$ (71,827)
Equipment	(459,665)	(45,439)	1,785	(503,319)
Land improvements	(2,324)	(710)	-	(3,034)
Total accumulated depreciation	<u>\$ (501,123)</u>	<u>\$ (78,842)</u>	<u>\$ 1,785</u>	<u>\$ (578,180)</u>
Total capital assets being depreciated, net	<u>\$ 574,414</u>	<u>\$ 67,433</u>	<u>\$ -0-</u>	<u>\$ 641,847</u>
Governmental activities capital assets, net	<u>\$ 636,914</u>	<u>\$ 135,597</u>	<u>\$ (125,000)</u>	<u>\$ 647,511</u>

Depreciation expense was charged as follows:

Governmental activities:	
General government	<u>\$ 78,842</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. On-Behalf Payments for Salaries and Benefits

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," the Court reports in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana to the City Court Judges and salary and fringe benefits payments made by the Lafayette City-Parish Consolidated Government to the Judges and the Court's employees.

Supplementary salary payments are made by the State directly to the City Court Judges and from the Lafayette City-Parish Consolidated Government to the Judges and Court's employees. The Court is not legally responsible for these salary and benefit supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the State and the Lafayette City-Parish Consolidated Government. For the fiscal year ended October 31, 2011, the State and Lafayette City-Parish Consolidated Government paid \$1,722,063 in supplemental salary and benefit payments to the City Court Judges and the City Court's employees. These are reported in the General Fund revenues and expenditures.

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**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY COURT OF LAFAYETTE, LOUISIANA

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

For the Year Ended October 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$1,974,829	\$1,945,860	\$1,960,416	\$ 14,556
Expenditures:				
Current -				
General government	<u>1,974,829</u>	<u>1,945,860</u>	<u>1,960,416</u>	<u>(14,556)</u>
Net change in fund balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Note to Budgetary Comparison Schedules.



## CITY COURT OF LAFAYETTE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
 CRIMINAL COURT OPERATING FUND  
 For the Year Ended October 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 459,195	\$ 587,769	\$ 602,627	\$ 14,858
Investment earnings	<u>7,140</u>	<u>5,653</u>	<u>4,429</u>	<u>(1,224)</u>
Total revenues	<u>\$ 466,335</u>	<u>\$ 593,422</u>	<u>\$ 607,056</u>	<u>\$ 13,634</u>
<b>Expenditures:</b>				
Current -				
General government:				
Auto expense and lease	\$ 23,330	\$ 22,221	\$ 21,309	\$ 912
Interpreter services	-	-	10,951	(10,951)
Office	75,000	97,938	77,347	20,591
Professional services	16,275	15,710	15,860	(150)
Repairs and maintenance	9,725	9,849	20,673	(10,824)
Security monitoring	6,864	4,140	3,652	488
Telephone	545	720	720	-
Temporary judges' fees	20,000	21,152	21,152	-
Travel and seminars	15,120	17,517	15,341	2,176
Uniform fees	16,000	14,417	14,417	-
Volumes, dues and subscriptions	31,425	38,224	30,653	7,571
Witness fees	4,825	6,025	6,065	(40)
Other	1,577	1,685	10,656	(8,971)
Capital outlay	<u>87,000</u>	<u>84,883</u>	<u>89,439</u>	<u>(4,556)</u>
Total expenditures	<u>\$ 307,686</u>	<u>\$ 334,481</u>	<u>\$ 338,235</u>	<u>\$ (3,754)</u>
Excess of revenues over expenditures	\$ 158,649	\$ 258,941	\$ 268,821	\$ 9,880
Other financing uses.				
External appropriation	<u>-</u>	<u>-</u>	<u>(595)</u>	<u>(595)</u>
Net change in fund balance	\$ 158,649	\$ 258,941	\$ 268,226	\$ 9,285
Fund balance, beginning	<u>3,310,951</u>	<u>3,313,151</u>	<u>3,360,682</u>	<u>47,531</u>
Fund balance, ending	<u>\$3,469,600</u>	<u>\$3,572,092</u>	<u>\$3,628,908</u>	<u>\$ 56,816</u>

See Note to Budgetary Comparison Schedules.

## CITY COURT OF LAFAYETTE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
OWI ASSESSMENT FUND  
For the Year Ended October 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 15,396	\$ 21,197	\$ 22,401	\$ 1,204
Investment income	<u>255</u>	<u>262</u>	<u>266</u>	<u>4</u>
Total revenues	<u>\$ 15,651</u>	<u>\$ 21,459</u>	<u>\$ 22,667</u>	<u>\$ 1,208</u>
Expenditures:				
Current -				
General government	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 31</u>	<u>\$ (31)</u>
Net change in fund balance	\$ 15,651	\$ 21,459	\$ 22,636	\$ (1,177)
Fund balance, beginning	<u>519,933</u>	<u>519,238</u>	<u>520,534</u>	<u>1,296</u>
Fund balance, ending	<u>\$ 535,584</u>	<u>\$ 540,697</u>	<u>\$ 543,170</u>	<u>\$ (2,473)</u>

See Note to Budgetary Comparison Schedules.

CITY COURT OF LAFAYETTE, LOUISIANA  
NOTE TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

The budget for General Fund operations is adopted by the Lafayette City-Parish Consolidated Government for its appropriations in accordance with its budgetary regulations and on a basis consistent with generally accepted accounting principles.

Budgets for the special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgets are prepared by the Court administrative staff and approved by the City Judges. Revisions to the budget after its original adoption must be approved by the City Judges

All budget appropriations lapse at year end. The budgets presented are the original adopted and final amended budgets.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures Over Appropriations. The following individual funds had actual expenditures in excess of appropriations for the year ended December 31, 2011.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
Criminal Court Operating Fund	<u>\$307,686</u>	<u>\$334,481</u>	<u>\$338,235</u>	<u>\$ (3,754)</u>
OWI Assessment Fund	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 31</u>	<u>\$ (31)</u>

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**OTHER SUPPLEMENTARY INFORMATION**

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#### NONMAJOR GOVERNMENTAL FUNDS

To account for revenues generated from assessments of court costs which are imposed in associated with civil cases heard by the Court.

##### Civil Court Funds:

Judges' Fees Account - These funds are used to account for fees allocated to the judges from civil cases. A separate fund is maintained for each judge. Resources of the funds are used by the judges as discretionary funds for payment of court related costs.

## CITY COURT OF LAFAYETTE, LOUISIANA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 October 31, 2011

	<u>Civil Court</u>		
	<u>Judges'</u>	<u>Judges'</u>	
	<u>Fees</u>	<u>Fees</u>	
	<u>Account -</u>	<u>Account -</u>	
	<u>Bouillion</u>	<u>Saloom</u>	<u>Total</u>
ASSETS			
Cash	\$ 130,797	\$ 318,538	\$449,335
Certificate of deposit	282,132	-	282,132
Due from other funds	3,105	3,139	6,244
Total assets	<u>\$ 416,034</u>	<u>\$ 321,677</u>	<u>\$737,711</u>
FUND BALANCE			
Assigned to judges' expenditures	<u>\$ 416,034</u>	<u>\$ 321,677</u>	<u>\$737,711</u>



CITY COURT OF LAFAYETTE, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended October 31, 2011

	Civil Court		
	Judges' Fees Account - Bouillion	Judges' Fees Account - Saloom	Total
Revenues:			
Charges for services	\$ 37,196	\$ 37,176	\$ 74,372
Investment earnings	<u>11</u>	<u>871</u>	<u>882</u>
Total revenues	<u>\$ 37,207</u>	<u>\$ 38,047</u>	<u>\$ 75,254</u>
Expenditures:			
Current -			
General government:			
Auto expense and lease	\$ 1,338	\$ 3,099	\$ 4,437
Office	520	4,085	4,605
Travel and seminars	9,048	6,802	15,850
Volumes and dues	1,405	1,075	2,480
Telephone	2,742	2,011	4,753
Insurance	1,450	1,594	3,044
Other	<u>270</u>	<u>1,624</u>	<u>1,894</u>
Total expenditures	<u>\$ 16,773</u>	<u>\$ 20,290</u>	<u>\$ 37,063</u>
Net change in fund balances	\$ 20,434	\$ 17,757	\$ 38,191
Fund balances, beginning	<u>395,600</u>	<u>303,920</u>	<u>699,520</u>
Fund balances, ending	<u>\$ 416,034</u>	<u>\$ 321,677</u>	<u>\$737,711</u>

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Herbert Lemoine II, CPA 2008  
Mary T. Miller, CPA 2011

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Honorable Frances Bouillion and  
The Honorable Doug Saloom  
City Judges  
Lafayette, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City Court of Lafayette, Louisiana, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2011, which collectively comprise the Court's basic financial statements, and have issued our report thereon dated March 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Court's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness.

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\* A Professional Accounting Corporation

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, and therefore, there can be no assurance that all such deficiencies have been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Court's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Judges, others within the entity, federal awarding agencies and pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Broussard, Poche, Lewis & Breany L.L.P.*

Lafayette, Louisiana  
March 23, 2012

## CITY COURT OF LAFAYETTE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended October 31, 2011

We have audited the financial statements of City Court of Lafayette, Louisiana, as of and for the year ended October 31, 2011, and have issued our report thereon March 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of October 31, 2011 resulted in unqualified opinions

## Section I - Summary of Auditors' Reports

## A. Report on Internal Control and Compliance Material to the Financial Statements

## Internal Control

Material weaknesses   X   Yes        No

Control deficiencies identified  
that are not considered to be  
material weaknesses

       Yes   X   None  
reported

## Compliance

Compliance material to  
financial statements

       Yes   X   No

## Section II - Financial Statement Findings

## #2011-1 Reconciliation of Detailed Accounting Records to the General Ledger

**Finding:** Court employees keep record of detailed activity during the year and perform bank reconciliations. The recording of detailed activity into a general ledger and preparation of monthly financial statements is outsourced. In March 2011, incomplete information was provided to the accounting firm that prepares the general ledger and generates the monthly financial statements. The incomplete information was used by the accounting firm to prepare the general ledger and monthly financial statements. The problem was detected and the corrected information was provided; however, the accounting firm did not adjust the general ledger to record the corrected information. The result was an understatement of cash and related liabilities for the Court's Agency Funds in the amount of \$405,318. The error in the general ledger and monthly financial statements, although detected, went uncorrected until it was identified during the audit. The Court's detailed records and bank reconciliations were correct at all times and the funds were on deposit. The detailed records were not reconciled to the general ledger or monthly financial statements.

**Recommendation:** Detailed accounting records and bank reconciliations should be reconciled to the general ledger and financial statements monthly.

Response: Management has discussed the error with the accounting firm to whom the general ledger and monthly financial statements are outsourced and is developing procedures to ensure that no such errors will occur in the future. These procedures will include comparing detailed records prepared by the Court to the general ledger and monthly financial statements prepared by the accounting firm. Furthermore, as noted above, the Court's detailed records were correct at all times and there was never any funds unaccounted for.

CITY COURT OF LAFAYETTE, LOUISIANA

SCHEDULE OF PRIOR FINDINGS  
For the Year Ended October 31, 2011

Section I. Internal Control and Compliance Material to the Financial Statements

Not applicable.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.